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DCI/IC 76-0151

19 July 1976

MEMORANDUM FOR THE RECORD

SUBJECT: Presidential Management Initiatives

1. At a meeting in OMB on 19 July, I was advised of a forthcoming requirement imposed by OMB under a program titled Presidential Management Initiatives.
2. It is planned that in the very near future the President will hold a cabinet meeting attended by heads of agencies which will cover the full range of management issues in the Government. The program involves an evaluation of current programs, an effort to reduce the burden of Federal regulations and reporting, programs for personnel management, reduction of overhead costs and encouragement for greater use of the private sector, and an effective decision-making process.
3. Following the cabinet meeting, OMB will task each agency by letter to initiate a plan which will permit the program evaluation as well as establish a schedule of accomplishment.
4. Under "Evaluation of Current Programs," the plan is to devise a program impact evaluation also known as zero base evaluation, with a statement of whether or not the program is meeting its objective. This is somewhat akin to the "sunset" laws, particularly the Muskie/Roth proposal which set a five-year limit on all programs, at which time they would expire. The evaluation should cover the efficiency of the program as well as develop the priorities of it, and within 60 days establish an evaluation unit within each agency to perform the improvement and evaluation effort. This unit should report directly to the agency head. The agencies will also be instructed by OMB to devise their management plan which would be incorporated with the FY 78 budget submission. There is further stipulation that within 30 days of the cabinet meeting, the agencies must identify 10 efficiency evaluation topics and be prepared to report on the progress of them on 31 December 1976, as well as at the end of FY 77. If an agency does not have 10, it must explain why.

OVERALL
PROGRAM
EVALUATION

MORI/CDF

5. The management plan called for by OMB should identify:

- a. those programs that should receive program impact or efficiency evaluation on a regular basis;
- b. the proper timing and frequency of the evaluation;
- c. the proper design of it;
- d. the amount of public participation;
- e. interagency coordination; and
- f. the coordination of the evaluation with the budget process and policy decisions.

6. Under Reduction in the Burden of Federal Regulations and Reporting, the President's desire is to reduce the reporting by the public to the Government by 15% before the end of FY 78. This obviously does not apply to CIA.

7. Under Contracting Out and Holding Down Overhead Costs, one should refer to OMB Circular A-76. Here we are encouraged to reduce travel, insure efficiency in ADP practices, use wisdom in cash management, watch the growth of reproduction equipment and audio/visual activities, limit the use of telephone and mail, insure good utilization of space, etc. Also, under this category the Government agencies will be urged to make greater use of the private sector thus reducing the growth of Government. GSA will be commissioned separately to review all Government office space as well as to rewrite the Federal Property Management Regulation.

8. There is also great concern regarding personnel management, not only in grade creep which the Government is experiencing, but also sheer growth. Example as follows:

	<u>HEW</u>	<u>Justice</u>	<u>Treasury</u>	<u>VA</u>
1966	99,000	33,000	90,000	169,000
1975	141,000	51,000	119,000	209,000
1976	150,000	53,000	123,000	222,000


9. Under the Initiative Program agencies will be required to devise a system to insure that the best qualified are hired and advanced, and a program established to identify at mid-career those

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personnel selected for executive development, not only through the experience of the right kind of jobs, but also training. There will be particular encouragement for executive selection and development and a system requested which will permit the identification of high-potential employees. A PMCD type unit will be required as well as the establishment of some means for measurement of productivity.

10. Decision-making and Departmental Organization is an effort to insure that a system exists for identifying the priority objectives and to insure that decisions are made only after considering all the factors. Some expression of an internal management information system as well as the means of a centralized evaluation for all programs exist. Concern is expressed over "layering"; i.e., the propensity in Government to have assistants, deputy assistants, special assistants, etc. It is noted that ERDA has requested 46 more supergrades, with 86 of their present 446 supergrades in the assistant or special assistant categories.

11. In looking through the attached items, I noted that the IC Staff could speak to the National Foreign Intelligence Program to some degree concerning program evaluation, training, a portion of ADP management as it pertains to Information Handling, and policy development. I indicated that the bulk of the items should rest with the individual agencies of the Intelligence Community, and I would pass on the information I had to Jim Taylor of CIA and the administrative people, and that I would have Jim Taylor contact Everett Keech directly in behalf of CIA.


Associate Deputy to the DCI
for the Intelligence Community

STAT

cc: Comptroller
DDA
D/OPBD
D/OPEI
D/OPP
IC/Registry

Attachment:

As stated above

P.S. Hopefully, in the near future we will receive from OMB all of the above in writing. Presumably, it will make more sense then than now. J.N.M.

Presidential Management Initiatives

A. Evaluation of Current Programs

1. Program Evaluation. Reopening, on a priority list basis, old programs for complete reexamination as to whether they are being run as well as possible. ✓

2. Public Hearings. As part of such reviews, holding public hearings.

B. Reduce Burden of Federal Regulations and Reporting

3. Review of Regulations. As part of such priority reviews, republishing for comment, existing regulations as if the programs involved were new.

4. Paperwork Reduction. Progress on the paperwork problem including systematic ways to review better the burden imposed by old and new paperwork requirements, including, on a selective basis, inviting comments and holding hearings in advance of each renewal and each proposed new paperwork burden.

5. Uniform Administrative and Financial Requirements. Review and design of standard financial and administrative requirements for programs for which uniform guidelines do not exist.

C. Personnel Management

6. Grade Creep. "Grade creep," e.g., the tendency of average General Schedule grades to move up over time in ways that are not justified. (This is very costly.) ✓

7. Training and Advancement. Identification of and training and advancement opportunities for personnel having management promise. ✓

8. Productivity Measurement. Improving productivity measurement and extending such measurement to functions not presently covered, as a means of judging both managers and individual staff performance and improving productivity. ✓

D. Overhead Cost & Use of Private Sector (A-76)

9. Layering. Surveying middle management structures to ferret out "layering," e.g., assistants to assistants, assistants to deputies, etc. ✓

10. Travel Expense. Achieve expected results from the current effort to cut travel expense.

11. Audio-Visual and Equipment Expense. Improve management of audio-visual activities and implementation of task force report on audio-visual expense; reduce equipment purchases; require more efficient use of reproduction and retire file records to storage.
12. Overhead Cost Control. Plans for development of a system to hold down overhead cost. Critical examination of overhead cost.
13. Overhead Cost. Reduction of equipment purchases, require more efficient use of reproduction equipment, retire files.
14. Cash Management. Modernizing agency cash management practices to reduce the amount of borrowing Treasury has to do to meet Government-wide cash needs.
15. Contracting Out. Use of the private sector more and "in-house" personnel less to carry out Government programs.
16. ADP Management. Reducing the cost of data processing and eliminating unnecessary and marginal computer workload. Ya
17. Mail Management Practices. Review of mailing practices with the thought of modifying mailing procedures as suggested by NARS.
18. Appropriate Utilization of Space. Review of current use of space. Agencies have expanded space holdings at a greater rate than personnel expansion would require.

E. Effective Decisionmaking and Departmental Organization

19. Public Hearings. As part of such reviews, holding public hearings.
20. Accountability Audits. Upgrading audits, particularly of inter-Governmental programs, to assure public accountability for tax dollars. (Consider "audit committees" of the type used so extensively in industry.)
21. Accounting Systems. Plans for making accounting system more responsive to management needs.
22. Policy Development and Management Organization. The need in each agency for a policy and management unit that reports directly to the Secretary, does not have programmatic responsibility, has enough expertise to give the agency head and the heads of programs first-rate advice on policy and management matters free of programmatic biases and follows through to see that policy and management objectives are carried out.